



U.S. Attorney's
Office



U.S. Department of
Homeland Security

FOR IMMEDIATE RELEASE
May 31, 2007

For Information Contact Public Affairs
WYN HORNBuckle
Telephone: (602) 514-7525
Cell: (602) 525-2681

FIVE DEFENDANTS PLEAD GUILTY IN FEDERAL COURT IN INTERNATIONAL COUNTERFEIT NIKE SMUGGLING RING

*ICE-CBP probe lead to seizure of more than 135,000 pairs of knock-off NIKE athletic shoes.
Defendants pleaded guilty to conspiracy to bribe public officials & trafficking in counterfeit goods.*

TUCSON - The U.S. Attorney's Office for the District of Arizona announced that on May 29, defendants Wei Tung Lam and Sau Kuen Chan pleaded guilty in U.S. District Court to conspiracy to bribe a public official and to traffic in counterfeit merchandise. Lam, a resident of Gambia and a native of the People's Republic of China, also pleaded guilty to an additional count of trafficking in counterfeit goods. The two were the last of five defendants who were arrested last summer for what is believed to be one of the largest counterfeit merchandise smuggling schemes in U.S. history.

Previously, three co-defendants also entered guilty pleas to conspiracy charges in U.S. District Court in Tucson. Those defendants and their change of plea dates were: Mark Elias, 37, of El Paso, Texas, on April 30; Manuel Flores, Jr., 53, of El Paso, Texas, on April 13; and Juan Carlos Martinez-Esquer, 46, of Sonora, Mexico, on April 10. One other person indicted in the scheme, Peng Lui, aka "Charleyworld", of Hong Kong, remains a fugitive and is believed to reside in China.

The six, two U.S. citizens and four foreign nationals, were indicted last August for conspiring to smuggle millions of dollars worth of phony merchandise, including fake Nike Air Jordan athletic shoes, from China into the United States. Authorities seized 78 sea cargo containers worth more than \$69 million worth of counterfeit merchandise as part of the probe, which involved U.S. Immigration and Customs Enforcement (ICE) and U.S. Customs and Border Protection (CBP). The seizures occurred in July 2006 in Nogales and Phoenix, Arizona; Laredo, Texas; and Long Beach, California..

U.S. Attorney for the District of Arizona Daniel G. Knauss stated: "The consequences of intellectual property theft on this scale could have resulted in significant losses to our economy that undermine entrepreneurship and innovation. The attempt to bribe officials whose job it is to monitor the flow of goods across our borders is also disturbing. Thanks to the ongoing efforts of federal law enforcement agencies, these efforts were thwarted."

-MORE-

“These guilty pleas represent an important victory in this landmark joint investigation,” said Alonzo Pena, Special Agent in Charge of the ICE Office of Investigations in Phoenix. “The trafficking of counterfeit goods is a global enterprise that robs legitimate companies of billions of dollars in revenues every year. What’s more, these sales generate profits that often go to support other types of criminal activity. ICE will continue to work closely with U.S. Customs and Border Patrol to identify the smuggling schemes and dismantle the organizations involved.”

The indictment alleged that between May 12, 2006 and July 25, 2006, in Nogales, Arizona and elsewhere, the defendants and others conspired to commit bribery of a public official and trafficking in counterfeit goods and services. The indictment alleges that defendants Elias, Martinez-Esquer, Flores, Wei Tung Lam, Sau Kuen Chan and Peng Liu, and others conspired to traffic in counterfeit goods and services, involving 15 sea cargo containers containing approximately 135,000 pairs of counterfeit Nike Air Jordan athletic shoes with a retail value of more than \$16 million (Only the shipments transiting through Arizona were charged in the indictment).

The indictment also alleged that defendants Elias, Martinez-Esquer, Flores and others attempted to bribe an undercover federal agent posing as a Customs and Border Protection (CBP) Officer to falsify government computer records to indicate that merchandise shipped from China to the United States was then re-exported to Mexico, when in fact, the merchandise was diverted into the commerce of the United States. It is further alleged that defendants Wei Tung Lam and Sau Kuen Chan also solicited an undercover federal agent posing as a customs broker employee to facilitate the release of six containers of merchandise being held by CBP in Nogales, Arizona at the direction of defendant Peng Liu. The indictment also alleges that several of the defendants met at least eight times with the undercover agent and gave the agent \$25,000 in currency as attempted bribes.

“This joint investigation underscores the importance of the trade mission being carried out at the U.S. Ports of Entry,” said Donna De La Torre, CBP Director of Field Operations, “One of the many missions of U.S. Customs and Border Protection is to interdict counterfeit goods coming into the United States, working to protect the American consumer as well as retailers and legitimate manufacturers.”

The federal indictment charges each defendant with conspiracy. Defendants were also each charged with four counts of bribery and five counts of trafficking in counterfeit goods.

Sentencing are set before the Honorable Cindy K. Jorgenson, U.S. District Court Judge, in U.S. District Court in Tucson, Arizona, on the following dates:

Defendant Lam	August 6, 2007
Defendant Chan	August 6, 2007
Defendant Elias	August 10, 2007
Defendant Flores	July 11, 2007
Defendant Martinez-Esquer	July 10, 2007

Defendants Martinez-Esquer, Wei Tung Lam and Sau Kuen Chan remain in custody pending sentencing. Defendants Mark Elias and Manuel Flores, Jr., were released after their arrests on \$50,000 and \$20,000 cash bond, respectively.

-MORE-

A conviction for conspiracy carries a maximum penalty of five years imprisonment, a \$250,000 fine or both. A conviction for trafficking in counterfeit goods carries a maximum penalty of ten years imprisonment, a \$2,000,000 fine or both.

The investigation preceding the indictment was conducted by U.S. Immigration and Customs Enforcement (ICE) with the assistance of U.S. Customs and Border Protection (CBP).

The prosecution is being handled by Danny N. Roetzel and Albert L. Kleiner, Assistant U.S. Attorneys, District of Arizona, Tucson.

For more information on intellectual property crimes, go to <http://www.justice.gov/>

CASE NUMBER: CR-06-01429-CKJ (HCE)

RELEASE NUMBER: 2007-141(Elias, et.al., Counterfeit Shoes)

#